

*The DRO debate continues...*

After my first article "[The Stateless Society](#)" was published, I was asked to explain how a society without government would deal with violent crime. Lew was kind enough to publish my article on "[Caging the Beasts](#)" which provoked quite a flurry of positive and negative (though never unkind!) responses and requests for clarifications, which I will provide here.

To summarize, "Caging the Beasts" described the measures that private *Dispute Resolution Organizations* (DROs) could take against violent criminals – measures many readers found more soul-crushing and repressive than life under the current government!

I am always eager to improve arguments for freedom, and so heartily thank those who took the time to write in – and will do my best to clarify how life in a truly free society will *not* turn into a repressive web of petty regulations run by fascistic and heavily-armed insurance companies.

For those new to the debate, DROs are private insurance companies whose sole purpose is to mediate disputes between individuals. If you and I sign a contract, we both agree beforehand to submit any disputes we cannot resolve to the arbitration of a particular DRO. Furthermore, we may choose to allow the DRO to take action if either of us fails to abide by that decision, such as property seizure or financial penalties.

So far so good. However, a problem arises if I have no DRO contract, and turn to a life of theft, murder and arson. How can that be dealt with? In "Caging the Beasts," I suggested that DROs would simply band together to deny goods, services and contracts to violent criminals. DROs could also pay informants to track the whereabouts of such predators, and would hound them out of a social and economic life to whatever degree they could.

This last point is where a good deal of my readers and I parted ways – and I recognize that in my zeal to deal with criminals, I painted a rather horrifying picture of DRO powers. DROs paying informants and threatening to drop contract support from anyone who sheltered or aided murderers – all this gave the impression that a stateless society was one which replaced a single central state with a suffocating net of tyrannical DROs.

Let me try to make the case a little clearer. By describing how a stateless society deals with murderers, I was describing an extreme situation, not everyday economic and social relations. A doctor might say: *if a patient has an infected leg, and you have no antibiotics, amputate the leg*. This does not mean that he advocates cutting off limbs in less serious circumstances! When I say that DROs will track violent criminals and try to deny them goods and services, I do not mean that DROs would be able to do this to just anyone. First of all, customer choice would make this impossible. A store owner can ban anyone he likes – but he cannot do so arbitrarily, or he will go out of business. Similarly, if people see a DRO acting unjustly or punitively, it will quickly find itself without customers.

The most important thing to remember is that DRO contracts are perfectly *voluntary* – and that hundreds of DROs will be constantly clamoring for our business. If we are afraid that they will turn into a myriad of quasi-police states, they have to address those fears if they us as customers.

How will they do that? Why, through contractual obligations, of course! In order to sign us up, DROs will

have to offer us instant contractual release – and possible cash rewards – if they ever harass us or treat us arbitrarily. As a matter of course, DRO contracts will include a provision to submit any conflicts with customers to a separate DRO *of the customers' choosing*. All of this is standard fare in the reduction of contractual risk.

In other words, every person who says, "*DROs will turn into dangerous fascistic organizations*," represents a fantastic business opportunity to anyone who can address that concern in a positive manner! If you dislike the idea of DROs, just ask yourself: is there *any* way that my concerns could be alleviated? Are there *any* contractual provisions that might tempt me into a relationship with a DRO? If so, the magic of the free market will drop them right in your lap! Some DROs will pay you a million dollars if they treat you unjustly. (And *you* can choose the DRO that makes that decision!) Other DROs will band together and form a review board which regularly searches their warehouses for black helicopters and robot armies. Other DROs will fund "watchdog" organizations which regularly rate DRO integrity.

If none of the above appeals to you, then the DRO system is clearly not for you – but then neither is the current State system, which is already one-sided, repressive and dictatorial. And remember – in a free society such as I describe, you can always choose to live without a DRO, of course, or pay for its services as needed (as I mention in "The Stateless Society") – as long as you don't start stealing and killing.

For those who *still* think DROs will become governments, I invite you to take a look at a real-world example of a DRO (hint: it's one of the world's largest "employers"). Currently, over 300,000 people rely on it for a significant portion of their income. Most of what they sell is so inexpensive that lawsuits aren't cost-effective – in other words, they operate in a stateless society. So how does *eBay* resolve disputes? Simply through dialogue and the dissemination of information (see

<http://pages.ebay.com/help/tp/unpaid-item-process.html>). If I don't pay for something I receive, I get a strike against me. If I don't ship something that I was paid for, I get a strike. Everyone I deal with can also rate my products, service and support. If I get rated poorly, I have to sell my goods for less, since, everything else being equal, people prefer dealing with a better-rated vendor (or buyer). If enough people rate me poorly, I will be out of business, because the risk of doing business with me becomes too great. There are no police or courts involved here – thefts are simply dealt with through communication and information sharing.

Thus eBay is an example of the largest DRO around – are we really afraid that it is going to turn into a quasi-government? Do any of us lie awake wondering whether the eBay SWAT team is going to break down our doors and drag us away to an offshore J2EE coding gulag?

Of course any system can be abused – which is why governments are so abhorrent – and so checks and balances are central to any proposed form of social organization. That's the beauty of the DRO approach. Those who dislike, mistrust or fear DROs don't have to have anything to do with them, and can rely on handshakes, reputation and trust – or start their own DRO. Those whose scope prohibits such approaches – multi-million dollar contracts or long-term leases come to mind – can turn to DROs. Those who are afraid of DROs becoming mini-States can set up watchdog agencies and monitor them (paid for by others who share such fears, perhaps).

In short, either the majority of human beings *can* cooperate for mutual advantage, or they can't. If they can, then the stateless society will work – especially since millions of minds far better than mine will be searching for the best solutions. If they can't, then no society will ever work, and we are doomed to slavery and savagery by nature.

Therefore, I stand by my thesis in "Caging the Beasts" – if you mug, rape or kill, I will support any social

action that thwarts your capacity to survive in society. I want to see you hounded into the wilderness, refused hotel rooms and groceries – and I want your face plastered everywhere, so that the innocent can stay safe by keeping you at bay. I abhor the thug as much as I abhor the State – and it is because such thugs exist that the State cannot be suffered to continue, since the State always disarms honest citizens and encourages and protects the thugs.

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